

IDEAS BEYOND BORDERS, INC.
Financial Statements
December 31, 2020 and 2019
With Independent Auditor's Report

Ideas Beyond Borders, Inc.
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December 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Ideas Beyond Borders, Inc.:

We have audited the accompanying financial statements of Ideas Beyond Borders, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ideas Beyond Borders, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters – Prior Year Audit

The financial statements of the Organization as of and for the year ended December 31, 2019 were audited by other auditors whose report dated August 19, 2021 expressed an unmodified opinion on those financial statements.

WithumSmith+Brown, PC

January 11, 2022

Ideas Beyond Borders, Inc.
Statements of Financial Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash	\$ 1,565,517	\$ 1,416,342
Investments	100,752	-
Grants receivable	305,000	-
Prepaid expenses	1,720	2,098
Property and equipment, net	3,268	3,812
Security deposit	4,150	4,150
Total assets	<u>\$ 1,980,407</u>	<u>\$ 1,426,402</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 11,724	\$ 103,371
Loans payable	<u>237,716</u>	<u>-</u>
Total liabilities	<u>249,440</u>	<u>103,371</u>
Net assets		
Without donor restrictions	1,450,967	1,323,031
With donor restrictions	<u>280,000</u>	<u>-</u>
Total net assets	<u>1,730,967</u>	<u>1,323,031</u>
 Total liabilities and net assets	 <u>\$ 1,980,407</u>	 <u>\$ 1,426,402</u>

The Notes to Financial Statements are an integral part of these statements.

Ideas Beyond Borders, Inc.
Statements of Activities and Changes in Net Assets
Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support						
Contributions and grants	\$ 1,485,510	\$ 280,000	\$ 1,765,510	\$ 1,628,587	\$ -	\$ 1,628,587
Donated services	63,994	-	63,994	22,430	-	22,430
Investment and other income	4,623	-	4,623	7,959	-	7,959
Total revenue and support	1,554,127	280,000	1,834,127	1,658,976	-	1,658,976
Expenses						
Program services	1,080,445	-	1,080,445	810,648	-	810,648
Management and general	172,861	-	172,861	318,894	-	318,894
Development	172,885	-	172,885	83,377	-	83,377
Total expenses	1,426,191	-	1,426,191	1,212,919	-	1,212,919
Changes in net assets	127,936	280,000	407,936	446,057	-	446,057
Net assets						
Beginning of year	1,323,031	-	1,323,031	876,974	-	876,974
End of year	\$ 1,450,967	\$ 280,000	\$ 1,730,967	\$ 1,323,031	\$ -	\$ 1,323,031

The Notes to Financial Statements are an integral part of these statements.

Ideas Beyond Borders, Inc.
Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating activities		
Changes in net assets	\$ 407,936	\$ 446,057
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation expense	544	1,088
Unrealized gain on investments	(336)	-
Changes in operating assets and liabilities		
Grants receivable	(305,000)	-
Prepaid expenses	378	1,776
Accounts payable and accrued expenses	(91,647)	88,472
Net cash provided by operating activities	<u>11,875</u>	<u>537,393</u>
Investing activity		
Purchase of investments and reinvestment of dividends	(100,416)	-
Net cash used by investing activity	<u>(100,416)</u>	<u>-</u>
Financing activity		
Proceeds from issuance of loans payable	237,716	-
Net cash provided by financing activity	<u>237,716</u>	<u>-</u>
Net change in cash	149,175	537,393
Cash		
Beginning of year	<u>1,416,342</u>	<u>878,949</u>
End of year	<u>\$ 1,565,517</u>	<u>\$ 1,416,342</u>
Supplementary disclosure of cash flow information		
In-kind contributions	<u>\$ 63,994</u>	<u>\$ 22,430</u>

The Notes to Financial Statements are an integral part of these statements.

Ideas Beyond Borders, Inc.
Statements of Functional Expenses
Years Ended December 31, 2020 and 2019

	2020				2019			
	Supporting Services				Supporting Services			
	Program Services	Management and General	Development	Total	Program Services	Management and General	Development	Total
Salaries and wages	\$ 272,638	\$ 19,298	\$ 128,421	\$ 420,357	\$ 356,684	\$ 86,637	\$ 58,199	\$ 501,520
Employee benefits	39,522	2,797	18,616	60,935	35,290	22,705	2,958	60,953
Professional fees	336,574	71,962	-	408,536	399,018	139,565	1,400	539,983
In-kind contributions	3,994	60,000	-	63,994	-	-	-	-
Occupancy	6,163	12,326	12,326	30,815	-	48,057	-	48,057
Covid-19 Supplies and food	332,800	-	-	332,800	-	-	-	-
Insurance	984	1,968	1,968	4,920	-	4,283	-	4,283
Travel and conferences	64	819	3,493	4,376	4,310	1,553	11,592	17,455
Marketing	39,463	2,901	-	42,364	6,884	6,015	-	12,899
Office expenses	27,874	572	7,844	36,290	8,462	8,991	9,228	26,681
Stipends	20,260	-	-	20,260	-	-	-	-
Depreciation	109	218	217	544	-	1,088	-	1,088
	<u>\$ 1,080,445</u>	<u>\$ 172,861</u>	<u>\$ 172,885</u>	<u>\$ 1,426,191</u>	<u>\$ 810,648</u>	<u>\$ 318,894</u>	<u>\$ 83,377</u>	<u>\$ 1,212,919</u>

The Notes to Financial Statements are an integral part of these statements.

Ideas Beyond Borders, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

1. ORGANIZATION'S PURPOSE

Ideas Beyond Borders, Inc. (the "Organization" or "IBB") was incorporated in the state of New York as a nonprofit organization in April 2017. The Organization promotes the free exchange of ideas and defends human rights through education, partnerships, research, and technology to counter extremist narrative and authoritarian institutions. The Organization fulfills its mission through the Bayt al-Hikma and University Translators (aka Translators for Democracy) programs.

The Organization develops and implements international programs to empower individuals with knowledge often suppressed by authoritarian regimes and dictatorships. By encouraging youth and young adults to think critically about topics ranging from civil rights to science and reason, IBB is laying the groundwork for people to retain their cultural identities while questioning the status quo, pushing back against extremist hate and violence, and finding their own unique voice. The Organization fulfills its mission by sharing, translating, and promoting ideas that foster critical thinking, civil rights, science, pluralism, and more to ultimately bring to life a modern, pluralistic Middle East led by the people of the region.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expensed for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. At December 31, 2020 and 2019, net assets with donor restrictions included a donor-imposed time restriction of \$280,000 and \$-0-, respectively.

Tax-Exempt Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and exempt from state taxes under state charities registration laws. The Organization is subject to tax on unrelated business activities; however, the Organization had no unrelated business activities for the years ended December 31, 2020 and 2019. U.S. GAAP requires management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by applicable taxing authorities.

Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2020 and 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (asset) or disclosure in the financial statements. There has been no tax-related interest or penalties for the years presented in these financial statements.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and liabilities, if any, at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates in the financial statements include the recognition of donated services (see Note 5).

Ideas Beyond Borders, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

Cash and cash equivalents

Cash equivalents include short-term, highly liquid investments with a maturity date of three months or less on the date of acquisition. The Organization had no cash equivalents at December 31, 2020 and 2019.

Investments

The Organization's investments in equity securities are reported at fair value. Purchases and sales of securities are recorded on a trade-date basis. Investment income or loss is included in net assets without donor restrictions unless the income or loss is restricted by donor or by law.

Fair Value Measurements

The Financial Accounting Standards Board ("FASB") established a framework for measuring fair value. This framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements.) The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques are designed to maximize the use of observable inputs and minimize the use of unobservable inputs.

Property and Equipment

The Organization records property and equipment at cost. Donated property and equipment are recorded at fair value on date of donation. The Organization depreciates its property and equipment on a straight-line basis over the estimated useful life. The Organization's property and equipment consisted of equipment with an estimated useful life of five years. Depreciation expense amounted to \$544 and \$1,088 at December 31, 2020 and 2019, respectively.

Revenue and Support

Contribution Revenue

The Organization recognizes contributions, including unconditional promises to give, as revenue in the period received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized in revenue until the conditions on which they depend have been substantially met. Contributions, net assets, and changes therein are classified and reported based on the existence or absence of donor-imposed restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Revenue from government and private grant and contract agreements, which are generally considered non-exchange transactions, is recognized when qualifying expenditures are incurred and conditions under the agreements are met.

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During 2020, the Organization received an unconditional contribution agreement for the period December 1, 2020 through December 31, 2022 amounting to \$270,000 relating to The MENA University Student Competition Program. The entire amount remained to be spent at December 31, 2020.

Contributions receivable are stated at the amounts earned under the contract or pledge agreement. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Contributions receivable are due within one year and considered to be fully collectible at year-end. Accordingly, no allowance for doubtful accounts has been recorded.

In-Kind Donations

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The value of these services is recorded at fair value. The Organization recognized donated services of \$63,994 and \$22,430 for the years ended December 31, 2020 and 2019, respectively.

Grants Made

Grants made consists of stipends and distribution of 2019 novel coronavirus ("COVID-19") supplies. The Organization recognizes grants made, including unconditional promises to give, as revenue in the period made. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized in expense until the conditions on which they depend have been substantially met.

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. The vast majority of costs are programmatic in nature and are directly charged as such. Certain other costs have been allocated among program services and supporting services, including management and general and development, based on the benefit received. Such allocations are determined by management on an equitable basis. The expenses that are allocated and the method of allocation are as follows:

Expense	Method of Allocation
Salaries and wages and employee benefits	Time and effort
Occupancy, insurance, and depreciation	Head count
Professional fees, travel and conferences, marketing, meals and entertainment, bank charges and fees, office supplies, stipends, and miscellaneous expenses	Direct

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New Accounting Pronouncements Issued Not Yet Effective

Leases

In February 2016, FASB issued Accounting Standards Update (“ASU”) 2016-02, *Leases* (Topic 842), which requires the recognition of a “right to use” asset and a lease liability, initially measured at the present value of the lease payments, on the statements of financial position for all of the Organization’s lease obligations. This ASU is effective for fiscal years beginning after December 15, 2021. The Organization is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures.

Gifts In-Kind

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. The Organization is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures.

Reclassification

Certain categories of functional expenses reported in prior year’s financial statements were combined to conform to the current year’s presentation.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

As of December 31, 2020 and 2019, financial assets and liquidity resources available within one year for general expenditures, such as operating expenses, consist of the following:

	<u>2020</u>	<u>2019</u>
Financial assets		
Cash	\$ 1,567,979	\$ 1,416,342
Investments	100,416	-
Grants receivable	<u>305,000</u>	<u>-</u>
	1,668,395	1,416,342
Less:		
Net assets with restrictions	(280,000)	-
Grants receivable expected to be collected in greater than 1 year	<u>(25,000)</u>	<u>-</u>
	<u>(305,000)</u>	<u>-</u>
Financial assets available for general expenditure in the next year	<u>\$ 1,363,395</u>	<u>\$ 1,416,342</u>

The Organization manages its financial assets to be available as its operating expenditures, liabilities, and other obligations become due. The timing of cash flows fluctuates based on the timing of the Organization’s contributions.

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4. INVESTMENTS AND FAIR VALUE

The following table sets forth the carrying value of investments and the fair value of investments by level, within the fair value hierarchy, as of December 31, 2020:

	2020			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 100,752	\$ -	\$ -	\$ 100,752

There were no investments at December 31, 2019.

5. DONATED SERVICES

For the years ended December 31, 2020 and 2019, the value of various donated services was as follows:

	2020	2019
Expense type		
Legal services	\$ 30,000	\$ 22,430
Podcast development	30,000	-
VPN licenses	2,994	-
Educational courseware	1,000	-
	<u>\$ 63,994</u>	<u>\$ 22,430</u>

6. LOANS PAYABLE

Loans payable consisted of the following at December 31, 2020 and 2019:

	2020	2019
Paycheck Protection Program Loan	\$ 87,716	\$ -
Economic Injury Disaster Loan	150,000	-
	<u>\$ 237,716</u>	<u>\$ -</u>

Paycheck Protection Program ("PPP") Loan

On May 5, 2020, the Organization issued an unsecured promissory note (the "PPP Loan") for \$87,716 through the PPP established under the Coronavirus Aid, relief, and Economic Security Act and administered by the U.S. Small Business Administration ("SBA"). The PPP Loan is guaranteed by the SBA. The PPP Loan may be forgiven, in whole or in part, if the Organization was eligible for the PPP Loan at the time of application, used the loan proceeds for eligible expenses within the defined 24-week period after the PPP Loan was disbursed ("Covered Period"), and otherwise satisfied PPP requirements. The PPP Loan was made through Wells Fargo Bank, has a two-year term, bears interest at 1.00% per annum, and matures on May 7, 2022. If the PPP Loan is not forgiven, monthly principal and interest payments are deferred until 10 months after the end of the Covered Period. The PPP Loan may be prepaid at any time prior to maturity with no prepayment penalties. Accordingly, the Organization has reflected the PPP Loan as debt in the accompanying statement of financial position.

Subsequent to December 31, 2020, the Organization was informed that its application for forgiveness of \$87,716 of the PPP Loan was approved. Accordingly, the Organization will record it as forgiveness of debt in 2021.

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Economic Injury Disaster Loan ("EIDL")

On July 2, 2020, the SBA authorized a loan to the Organization in the amount of \$150,000. Installment payments, including principal and interest of \$641 monthly, will begin 12 months from the date of the promissory note, which is July 2021. The balance of principal and interest will be payable 30 years from the date of the promissory note. Interest will accrue at the rate of 2.75% per annum and will accrue only on funds advanced from the date of the advance. The EIDL is secured by all the assets of the Organization.

Future minimum payments of the loan payable are as follows:

2021	\$	1,794
2022		3,662
2023		3,764
2024		3,869
2025		3,977
Thereafter		132,934
	\$	<u>150,000</u>

7. RISKS AND UNCERTAINTIES

Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk are cash and investments. The Organization places its cash on deposit in what it believes to be highly credited financial institutions. Cash balances may exceed the Federal Deposit Insurance Corporation insured levels of \$250,000 at any time during the year. The Organization believes that there is little risk of any losses and has not experienced, and does not expect to experience, any losses in such accounts. All highly liquid investments with maturities of three months or less when purchased are considered to be cash. Investments are subject to market risk and volatility. The Organization invests in high-quality mutual funds.

Concentration of Revenue

One donor accounted for 86% and 92% of contribution revenue for the years ended December 31, 2020 and 2019.

Risks of Contagious Disease

The current outbreak of COVID-19 is significantly impacting businesses across the world. While the duration of business interruption from this outbreak and related financial impact cannot be reasonably estimated at this time, financial results may be adversely affected in 2021. The extent to which the COVID-19 impacts operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others.

8. RETIREMENT PLAN

The Organization maintains a 401(k) defined contribution plan covering all employees based on age and employment criteria. The Organization can make discretionary employer matching contributions based on the employee's contribution. There were no matching contributions for the years ended December 31, 2020 and 2019.

Ideas Beyond Borders, Inc.
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9. EMPLOYEE RETENTION CREDIT

The Organization is in the process of applying for the employee retention credit in the amount of \$25,000. The credit will be claimed against the Organization's payroll tax obligations for each calendar quarter based on qualified wages, subject to certain limitations. For the year ended December 31, 2020, the Organization recorded revenue totaling \$25,000, which is included in contributions and grants in the accompanying statement of activities and changes in net assets.

10. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through January 11, 2022, the date which the financial statements were available to be issued. Based on this evaluation, the Organization has determined that no subsequent events have occurred that would require recognition or disclosure in the financial statements.